

GOVERNOR'S RURAL PARTNERSHIP BOARD MEETING
February 22, 2006 – 8:00 a.m. – Noon
SUU CONFERENCE CENTER – Cedar City, UT
(Rondthaler Room)

Minutes

In Attendance:

Jeff Packer, Co-Chair, URDC
Gayle McKeachnie, Director Rural Affairs
Irene Hansen, Duchesne County E.D.
Mike McCandless, Emery County ECD
John Williams, Five Co. AOG
Ed Meyer, Kanab Adviser
Bryan Thiriot, Senator Bennett's Office
Donna Brown, Cedar City Chamber of Commerce

Scott Boyer, USU Extension
Chuck Gay, USU Extension
Gil Miller, League of Cities & Towns
Les Prall, State GOED Rural
Janice Kocher, USDA RD Housing & Community
Bonnie Carrig, USDA Rural Development
Richard Carrig, USDA Rural Development

1. Welcome: Jeff Packer welcomed those in attendance and said that Nan Anderson and Wes Curtis were excused for legislative matters. Jeff suggested moving the board vacancy items to the end of the agenda.

Action: Gil Miller motioned and Chuck Gay seconded that the agenda item be moved to the end on nominations. Agenda change was approved.

2. **Review of Minutes:**

Action: Motion was made by Irene Hansen; Gil Miller seconded to approve the meeting minutes as presented with spelling correction of Gayle McKeachnie's name. Minutes were approved.

3. **Report on Budget & Legislative Items:**

- Health Insurance: Didn't pass legislators. A council/committee has been created to further study the issue, as there are many questions that require research.
- Rural Utility Infrastructure: This item was sent to committee for further study to a legislative committee this summer. Department of Public Utilities, Public Service Commission and the utility companies are starting to collaborate with each other. The Broadband service ran into some opposition as part of the universal service package by Qwest and rural utility organizations.
- Budget: Are we going to remove the sales tax on food and do other things that the governor wants to do on the budget? It's still up in the air.

We are still a week too early to know what the legislators will do. The bills that have big fiscal notes are in committee. The idea was to have tax restructuring and it has morphed into tax cuts. The tourism bill is under the same weight of tax restructuring.

4. **Federal USDA Economic Development Programs:**

USDA Rural Development was invited to attend a couple of weeks ago by Gayle because Senator Bennett is on the Agricultural Subcommittee and there are a great many things that can be done for Utah.

- a) Bonnie Carrig gave a presentation: USDA is the largest department in the federal government. Farmer's Home Administration existed in 1995 and they re-organized to USDA Rural Development (includes rural housing, utility, community economic development) and the farm program moved to Farm Services Agency. Bonnie presented a movie highlighting what's been done in Utah for their projects. USDA distributed information folders including all programs available.
- b) Community Facility Programs – Utilities and facility eligibility has to be essential to public use; e.g. public health & safety. \$1.637 million guaranteed loan 90% loan to back it \$2.373 million direct loans; Rates are 4.5% - 5% to 40 years; \$106,000 in Grants; Average is \$30,000 per project. Essential orderly development of the community; may not include private or commercial undertakings; Eligibility for CFA – Public bodies; non-profit organizations; and Indian tribes. All eligible projects must serve rural areas; provide certification they are unable to obtain credit; have legal authority to own construct

- operate the facility; population of 20,000 or less – Unincorporated areas. Construction, expansion, renovation, and accessibility.
- c) Special initiatives and National FY 2006 funding levels; \$18 million available in non-employed areas. Beaver, Daggett, Grand, Millard, Sanpete Wasatch, Carbon Emery Iron San Juan Tooele U & O Ute and Goshute Ivapah Tribes. 16% of non-employed. National competition.
 - d) Economic Impact Initiative - \$753,000 dollars were distributed in Utah last year.
 - e) Child Care set aside – \$50,000 maximum grant. Deadline is April 1st.
 - f) First Responder Initiative Public safety
 - g) Upgrade Health Care and Critical Access Hospital Initiative
 - h) Faith based and Community Based Initiative – e.g. child care; mental health; food pantry; May be in the form of grant or loan, or a combination of both.
 - i) Preserve America Initiative – Eligible cities: Mt. Pleasant, Kanab, Centerville, Farmington, Manti, and Payson – Build fire station; maintain community buildings (i.e. roof, plumbing); and historical and cultural. There is no common thread among these cities.
 - j) Tour of the Nation – \$6.6 million invested in Rural Utah communities. Schools took the biggest chunk. Partnering of agencies provides 50/50 funds for improvements in either direct/guaranteed loans. Healthcare needs to have more done.
 - k) Rural Utility, Water & Solid Waste – They fund culinary water systems; and solid waste landfills in the forms of direct loans/grants. Eligibility: Incorporated areas of 10,000 population or less; unincorporated areas; Eligible applicants are public bodies; not for profit; and Indian Tribes. In one case Iron County is serving unincorporated area; They also provide pre-development grants (engineering; plans, etc. Most financially needy communities are considered. There are user charges. They must be population stable; foreseeable growth; economically feasible and necessary projects. They must meet codes for environmental and health issues; Davis-Bacon doesn't apply to Rural Development construction. Leveraged funds provided \$11.6 million in Utah RUS projects; 11 projects – 10 water and 1 solid waste project. Total leveraging came from other funding sources at 40%. Applicants are prioritized and scored. More need and priority will increase the scoring.
 - l) USDA Rural Housing – Janice Kocher presented Housing programs available. USDA has single family housing funding for \$182 million; Multi- Housing \$27 million. The mission is dedicated to improving quality of life for low income families. In 2004 there were 7 different Rural Housing projects with \$88 million invested in Utah. Iron County a 4 person family low income range is \$24,651 – 34,950 for Direct/Guaranteed loans. The Mutual self-help housing project allows for 65% of the home to be built by homeowner. Partners are Department of Community & Culture through Olene Walker housing trust funds; Utah Housing Corporation; and local banks. USDA provides technical assistance for building. This stretches the dollars further. Partners come in with 20% and they get first lien position. DCC 504 loan program rehab and advertising is paid for through DCC's dollars. Outreach to those in need of home repairs/weatherization is done through the AOG's and mail inserts in utility bills which makes them aware of repair/weatherization programs. Word of mouth and personal contact is one of the best outreach methods.

Business & Economic Development Programs – Richard Carrig presented:

- m) Business & Industry Guaranteed Loan- Commercial entity applies to USDA for an 80% guaranteed loan by USDA/RD; Broader loan terms; no test for credit; loan up to \$5 million: State allocation this year is \$8 million; Only nine communities in Utah are not eligible; Eligibility requires minimum of 10% pro forma net worth and in operation 1 year.
- n) Intermediary Relending Program – Revolving lenders low interest seed capital; rural revolving loan to nonprofit; Eligibility - public bodies, federally recognized tribes, cooperatives, credit unions; funded quarterly out of D.C.; we need more intermediaries involved; USDA are providing funding seminars in the state.
- o) RBEG – Mainline support development of small and emerging private business enterprises in rural areas – Points are competitive for under \$100k; development training;
- p) RBOG – Technical assistance only; feasibility studies; \$46,711 MHI – Applicant must have experience – and how many jobs will be created;
- q) REDL – Development loans work with rural electric coops with zero interest; the coop is the borrower and if we can mitigate the leverage of the coop we might be able match required 20% toward the deal; Garkane has recently done this but got cold feet and pulled out at the last minute

- r) REDG – Revolving loan fund thru Utility companies/coops
- s) REEP Renewable Energy – updating to more efficient power for companies. Up to 50% loan guarantee and a 25% grant match; Includes wind, biomass, geothermal, or hydrogen
- t) Value added Producer Grant – Increase value-added profit margins to producers of agricultural commodities – launch products to tap into net profits;
- u) Rural Cooperative Development Grant RCDG - Coop Development Assistance
- v) RBIP New Biomass Research & Business Development Program USDA RD
- w) **For detailed information: Go to <http://www.rurdev.usda.gov/ut>**

Farm Service Agency – Dallan (sic) Bromberg presented Farm production programs.

USDA ensures stability of production of agriculture through farm loans, direct payments, and conservation programs. FSA Headquarters are in DC. In Utah they have staff in 20 offices throughout Utah counties. The total personnel in Utah is 90. They are a grass roots organization and decisions are made at the local level. Representatives are elected through peers and make decisions within the counties. They meet monthly. FSA programs finance direct payments; loans and grants; October 2004/05 direct payments \$30 million to producers; Bioenergy Program; Dairy Program; Storage of Commodity warehousing and food assistance; Emergency Disaster programs include insured crop disaster for a \$100 fee against loss of production; During the drought years they paid out \$40 million. FSA requires by law that foreign ownership is reported. Senator Bennett has been instrumental in obtaining funding. For detailed information go to: www.fsa.usda.gov

FSA Loan Programs were presented by Doug Hansen, in Cedar City. An emergency loan was given to Washington County for flooding last year. Loans of up to \$500K and Direct Farm loans \$200K maximum are available. FSA guarantee loans up to 90%-95%. Most of their programs have been Youth Loan Program for projects and have loaned a maximum of \$5K for each borrower; loans for Indian Tribal Land Acquisitions; and loans for socially disadvantaged/minority persons. In 2004, about 235 direct loans were made for Utah totaling \$13 million. Most funds for FSA come through the borrowing authority Commodity Debt Corporation. They don't compete with other banking institutions. Treasury funds are used for direct payments. Emergency loan (e.g. Washington County) Loans up to \$500K Direct Farm loans \$261K average. They guarantee loans up to 90%-95%.

Federal Appropriations & Agricultural Committee: Bryan Thiriot, Senator Bennett's office reported that the Senator is the Senate Agriculture chair. The most critical thing is he has a deadline of March 10th to bring before the committee information on allocation/appropriation. It was mentioned that support for funding the Business resource centers in rural Utah would be great. It was explained that one-stop resource centers for businesses/entrepreneurs within rural Utah. The resource center stays with them through the process of their needs. Jeff Packer also said there is a need to fund the State Rural Development Councils as they have been under-funded for years. The 2002 Farm Bill authorizes a National Rural Development Council Committee be established and that SRDCs exist, but does not provide funding for it. Dallan said the USDA employees have been mandated to make one-stop shopping by referring inquiries to the appropriate resources throughout USDA. Collaboration is taking place within USDA.

Chuck Gay said that within USDA Rural Development and the FSA divisions speak and work with one another. However, it isn't true among all divisions within USDA. Part of it has to do with accountability through OMB and part of it has to do with too many lines being drawn between divisions. The unfortunate thing is the budget/management lines are drawn and make it difficult to maneuver. Senator Bennett has been very astute at crossing and maneuvering within the lines drawn.

Gayle said we should coordinate with Luke Johnson saying that a lot could be done in Utah. We need to have follow-up conversations with him to appropriate money through other avenues like EPA which is sensitive to opportunities. The Business Resource Centers for \$875K the partners could pull this together to try and obtain funding for them as a technical training center. Make recommendations to the Legislature and Governor and have authorized programs for appropriation. USDA announced that the RCDI "train the trainer" initiative (\$6 million available nationwide) and is accepting applications Spring – Summer this year.

Senator Bennett received accolades for all he is doing and has done for rural Utah over the years. His annual Rural Business Conference is being held April 19-20, 2006 in Vernal, Utah.

5. RURAL AIRPORTS –

Cedar City - Gayle reported on Cedar City Airport's Mesa Airlines approved bid. UDOT has responsibility for air service and maybe we should talk about this at the future meeting on agenda. Donna Brown, Cedar City Chamber of Commerce said Mesa is in the process of negotiating to provide 2 flights a day to Salt Lake and flights to Las Vegas. She thinks this will open up a potential market for Cedar City with a flight to Las Vegas daily. There are a lot of "ifs" though (e.g. If they get their gate in Salt Lake City, if they can negotiate 2 flights to Salt Lake City a day, etc.) It was stated that this is a large issue and needs to be placed on next meeting agenda.

Action: Place the following items on the agenda for next meeting:

1. Airports – Have UDOT and Utah Airports speak about rural airports
2. Manpower Labor shortage in Utah – Have a couple of employers speak to this issue. Uintah River Technology was suggested to speak includes 50-75 Tribal employees
3. Public Land Issues specific to overview of economic development
4. Utah Small Cities are meeting and we could have local officials speak 3:30 – 4:00 p.m. in public comment.

GRPB will meet April 19th in Roosevelt (prior to Senator Bennett's Conference) at the Crossroads Senior & Community Center. Irene Hansen is hosting and said the meeting will start at 11:00 a.m. and lunch will be catered at noon. The meeting will continue until 4:00 p.m. Then we can attend the reception for the Rural Business Conference at 6:00 p.m.

Chuck Gay distributed the 2005 report for USU Extension and programs available.
USDA Rural Development distributed screwdrivers to everyone with the USDA website on the handle.

The guests were excused for discussion of board vacancies.

- 6. Board Vacancies:** There being no quorum further discussion will have to take place over an additional conference call. John Williams suggested that since his retirement he needs to be replaced with a comparable geographic representative as the AOG is not a recognized representative within the legislation. John is getting a couple of names recommended from the AOG directors meeting on Friday morning (2/24/06). Bill Boyle's spot is vacant and Kay Blackwell does not want to continue either. The GRPB only makes recommendations to the Governor for appointments. Ed Meyer will be a recommendation to the governor as an active business man in Kanab. It was noted by all that if nothing else the discussions for business in Utah should include several businessmen. We need to have a recommendation from the UAC — Ralph Okerlund Sevier County fits active businessman and County Commissioner; Maloy Dodds from Garfield Co. The other areas Juab, Delta, Beaver, Millard – Chad Johnson, Beaver County were suggested.

Brent Gardner is the UAC contact and Gayle McKeachnie said he will speak to Brent about the two Ralph Okerlund, Chad Johnson; and Doug Peterson. We have to keep in mind geographic locations to have a good cross-section. One of the five must be a business person. This is why Ralph Okerlund would fit the criteria.

- 9. Adjourn:** Meeting adjourned at 12:10 p.m..

Respectfully submitted,

/s/ Kathleen McDowell

Minutes prepared by Myrna Hill